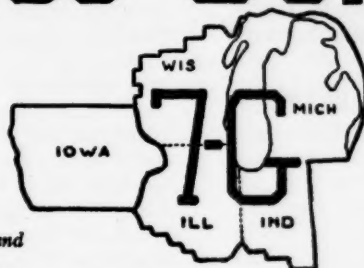


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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General Summary

INCREASED activity was evidenced during February in several phases of Seventh district industry and trade, but the expansion took place over an exceptionally low level of business in January and merchandising groups were affected by the one more trading day in February this year. Also, two of the major manufacturing industries of the district—automobiles and iron and steel—did not accelerate production as is customary. An indication of expanding activity, as reflected in a credit phase, was the increased volume of transactions in bankers' acceptances over recent months, while commercial paper sales declined less than is usual for the month and showed improvement in the first half of March.

Manufacturing groups to register gains in February over the preceding month included malleable casting foundries where increases in shipments, production, and new orders were recorded, while steel casting foundries had a heavier volume of orders and expanded production. Furniture shipments gained seasonally, and shoe and leather production was likewise heavier. Greater activity was noted in building construction over the low point reached in January, contracts awarded and permits issued in the district totaling larger, the former contrary to trend in recent years. No improvement took place, however, in most lines of building materials. Employment data registered a small gain in the total for manufacturing groups.

In industries producing foodstuffs may be noted the heavier production and sales of butter than either a month previous or a year ago, and the increase in manufacture of Wisconsin cheese. Although distribution of the latter commodity declined from January, it about equaled that

in February last year. The decline in meat production was less than seasonal, and the volume exceeded that of a year ago, while sales, which likewise totaled smaller than in the preceding month, owing to the lenten season, were larger in tonnage than last year, the lower price level effecting the decline shown in their value. The movement of wheat expanded as is customary in February; the visible supply, however, as well as stocks on farms, was reported as larger than average on March 1. Movement of feed grain during the period was in smaller than usual volume.

Reporting groups of wholesale trade in the district, with the exception of electrical supplies, showed increased sales in February over the preceding month. Department store sales also gained slightly, contrary to seasonal trend. The retail shoe trade approximated the January volume, although a decline is customary in the month, and the retail furniture trade increased more than seasonally. Chain store sales totaled smaller, with several groups, however, recording gains. Distribution of automobiles was larger during the month.

Loans and investments, as well as deposits, of reporting member banks in the district were reduced further between February 17 and March 16, although the decline in deposits was at a slower rate than in the preceding five-week period. A decrease in borrowing at the Federal Reserve Bank was mostly attributable to a lessening in the demand for currency and an excess of local Treasury expenditures over receipts. Changes in money rates have been negligible in recent weeks.

Credit Conditions and Money Rates

Among the several factors making for decreased borrowing at the Reserve bank, an excess of local Treasury expenditures over receipts of 33 millions and a decrease in demand for currency of more than 21½ millions were outstanding during the period February 17 to March 16. In addition to these two items were a decrease in member bank reserve balances of almost 2 million dollars, a small decrease in non-member clearing balances, and a slight gain in holdings of acceptances (local transactions). The aggregate of these changes exceeded those tending to increase member bank recourse to the Reserve bank, the

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

| | MAR. 16 1932 | CHANGE FROM | |
|--|-----------------|-----------------|-----------------|
| | | FEB. 17 1932 | MAR. 18 1931 |
| Total Bills and Securities..... | \$176.7 | \$-30.3 | \$+62.0 |
| Bills Discounted..... | 54.7 | -21.2 | +41.1 |
| Bills Bought..... | 15.0 | -5.2 | -4.9 |
| U. S. Government Securities..... | 107.0 | -0.4 | +25.8 |
| Total Reserves..... | 671.6 | +10.9 | +256.5 |
| Total Deposits..... | 257.5 | -7.1 | -73.3 |
| Federal Reserve Notes in Circulation..... | 557.2 | -13.6 | +396.9 |
| Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined..... | 82.4 | +3.4* | -2.1* |

*Number of Points.

more important of which were approximately 31 millions in funds lost through inter-district settlements for commercial and financial transactions and a $3\frac{1}{2}$ million dollar decrease in holdings of "other securities." The result of these changes was that loans to member banks on March 16 totaled more than 21 millions less than on February 17. The accompanying tabulation presents in detail the changes effecting this lessening of member bank recourse to the Reserve bank.

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

| Changes between February 17 and March 16, 1932 (In millions of dollars) | |
|---|-------|
| Changes making for decrease in member bank borrowing: | |
| 1. Excess of local Treasury expenditures over receipts..... | 33.10 |
| 2. Decrease in demand for currency..... | 21.60 |
| 3. Decrease in member bank reserve balances..... | 1.82 |
| 4. Decrease in non-member clearing balances..... | 0.33 |
| 5. Increase in holdings of acceptances (local transactions).... | 0.10 |
| Total..... | 56.95 |
| Changes making for increase in member bank borrowing: | |
| 1. Funds lost through inter-district settlements for commercial and financial transactions..... | 30.93 |
| 2. Decrease in holdings of "other securities"..... | 3.49 |
| 3. Decrease in reserve bank float..... | 0.74 |
| 4. Increase in unexpended capital funds..... | 0.53 |
| 5. Sales of gold to industry..... | 0.04 |
| Total..... | 35.73 |
| Excess of changes making for decrease in member bank borrowing: | 21.22 |
| Absorption of this excess: Decrease in member bank borrowings (discounts for member banks)..... | 21.22 |

MEMBER BANK CREDIT

A further decline in total loans and investments of reporting member banks took place in the period February 17 to March 16, amounting to 48 million dollars, of which aggregate decrease only one million took place in loans on securities, 46 millions in "all other" (commercial) loans, and one million in investments. Deposits, while showing a lower volume as between February 17 and March 16, declined less notably than in the preceding period, January 13 to February 17, when demand deposits moved downward 78 million dollars and time deposits 17 millions, respectively, as against 20 millions and 12 millions in the first-named period. In comparison with March 18, 1931, loans and investments of reporting member banks on March 16 decreased 714 million dollars, net demand deposits 397 millions, and time deposits 321 millions.

Rate changes have been negligible, save for a slight reduction in rates on bankers' acceptances. For the week ended March 15, down-town banks in Chicago reported a range of $4\frac{1}{2}$ to 5 per cent as the prevailing rate on customers' commercial loans; for the corresponding week in February, $4\frac{1}{4}$ to $5\frac{1}{4}$ per cent was reported. The average rate earned on loans and discounts by larger institutions in Chicago during the calendar month of February was 4.77 per cent, as against 4.83 in January and 4.52 per cent in February 1931. In the city of Detroit, the prevailing rate on customers' commercial loans for the week ended March 15 was 5 to $5\frac{1}{2}$ per cent.

In contrast to the recession of 22 per cent in the 1923-31 average at this season, commercial paper sales in the

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

| | CHANGE FROM | | |
|---|-----------------|-----------------|-----------------|
| | MAR. 16 1932 | FEB. 17 1932 | MAR. 18 1931 |
| Total Loans and Investments..... | \$2,624 | \$-48 | \$-714 |
| Loans on Securities..... | 885 | -1 | -280 |
| All Other Loans..... | 971 | -46 | -214 |
| Investments..... | 768 | -1 | -220 |
| Net Demand Deposits..... | 1,406 | -20 | -397 |
| Time Deposits..... | 988 | -12 | -321 |
| Borrowings from Federal Reserve Bank..... | 24 | -19 | +21 |

Middle West decreased only $3\frac{1}{2}$ per cent in February from January. Borrowing remained on a restricted basis, however, and demand continued very light, so that transactions aggregated only one-fourth of the 1923-31 average for the month. Selling rates eased slightly, the range for the period being 4 and $4\frac{1}{4}$ per cent for high to $3\frac{1}{2}$ and $3\frac{3}{4}$ per cent for low; most paper moved at $3\frac{3}{4}$ and 4 per cent. Holdings expanded 3 per cent over the extremely low level of January 30. Some improvement in supply and demand was evidenced during the first half of March, with the result that sales for this period exceeded those of the corresponding weeks in February by more than 10 per cent. Quotations for March 15 closed at $3\frac{1}{2}$ per cent for low and $3\frac{3}{4}$ to 4 per cent for high, the customary charge being $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent.

Dealer transactions in the Chicago bill market totaled considerably smaller from February 11 to March 9 than in either the preceding period or a year ago. Supplies fell off 24 per cent from those of January 14 to February 10, the expansion of 81 per cent in receipts from Eastern markets being insufficient to offset a decreased volume of locally purchased bills. Sales to Chicago and out-of-town banks gained over a month earlier, but this increase was more than counterbalanced by a reduction in shipments to other markets. Total distribution, as a consequence, was 16 per cent less than from January 14 to February 10. Selling rates declined during the period to $2\frac{5}{8}$ per cent for 30-day offerings and to $2\frac{7}{8}$ per cent for those of 180 days, which quotations were in effect on March 9. A further reduction in dealer holdings of bankers' acceptances also took place during the month.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

| | February 11, 1932 to March 9, 1932 PER CENT CHANGE IN COMPARISON WITH PERIOD FROM JAN. 10 TO FEB. 11 1932 | | February 11, 1931 to March 9, 1931 PER CENT CHANGE IN COMPARISON WITH PERIOD FROM JAN. 10 TO FEB. 11 1931 | |
|----------------------|--|--|--|--|
| | 1932 | | 1931 | |
| Bills purchased..... | -42.4 | | -64.3 | |
| Bills sold..... | +65.6 | | -46.7 | |
| Holdings*..... | -39.4 | | -45.1 | |

*At end of period.

The bill transactions of accepting banks in the Seventh Federal Reserve district attained a higher level during February than evidenced in recent months. New financing by means of bankers' acceptances exceeded that of any corresponding period since last March. Purchases of other banks' bills, however, recorded only moderate expansion over the low point of January. Although sales continued less than current purchases, demand was fair and considerably in excess of the preceding month. Holdings gained slightly over those of January 30. The liability for outstandings showed a reduction on February 29, as new financing in the period fell approximately two million dollars below the amount of maturing acceptances. A 7 per cent increase in value of new bills accepted was shown during the first half of March over the corresponding weeks of February. The Federal Reserve Bank of Chicago on February 26 reduced its minimum buying rate

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

| | FEB. 1932 | | PER CENT OF INCREASE OR DECREASE FROM | |
|--------------------------------------|-----------|-----------|--|-----------|
| | JAN. 1932 | FEB. 1932 | JAN. 1932 | FEB. 1931 |
| Chicago..... | \$1,914 | | -17.4 | -29.3 |
| Detroit, Milwaukee, and Indianapolis | 875 | | -25.2 | -17.9 |
| Total four larger cities..... | \$2,789 | | -20.0 | -26.1 |
| 32 smaller centers..... | 502 | | -19.4 | -26.8 |
| Total 36 centers..... | \$3,291 | | -19.9 | -26.2 |

for bankers' acceptances to 2½ per cent from the 2¾ per cent rate established on January 12, 1932.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

| | PER CENT CHANGE IN JANUARY 1932 | FEBRUARY 1932 FROM FEBRUARY 1931 |
|------------------------------------|---------------------------------|----------------------------------|
| Total value of bills accepted..... | +63.9 | +6.9 |
| Purchases..... | +58.5 | -7.4 |
| Sales..... | +52.3 | -8.1 |
| Holdings*..... | +19.8 | -51.6 |
| Liability for outstandings*..... | -4.0 | -35.9 |

*At end of month.

SECURITY MARKETS

Activity in the Chicago bond market displayed a gradual increase during the month of February and prices trended slightly upward, recently reaching new highs for the year in some issues. The strengthening was most pronounced in the better grade bonds and in United States government securities. Demand during the month favored high grade municipals and public utility issues. New underwritings, although totaling only about half the volume of February 1931, were approximately equal to the volume of January this year. These new issues were confined almost entirely to public utility bonds in the corporate division. Some investment houses report that individual investors have been showing a slightly enhanced interest toward investment securities. Institutional buying was light during February. Prices on the Chicago Stock Exchange drifted gradually downward throughout the month and during the first half of March. The average price of twenty leading stocks* on March 16, amounted to only \$28.57, which compares with \$34.99 on February 16 and \$38.10 in the middle of January.

* Chicago Journal of Commerce.

Agricultural Products

GRAIN MARKETING

During February the usual increase took place in the wheat movement at primary markets, the gain in receipts, which were above the five-year February average, exceeding that in shipments. Aside from strictly demand influences, marketing was accelerated by announcement of freight rate increases effective February 20. Exports were fair despite higher prices at Chicago than at Liverpool, and equaled the February volume in recent years, excepting 1931 when practically no wheat was exported. However, the visible supply was about the same at the end of February as a month earlier and increased early in March. In addition to a gain of 133 million bushels in the United States visible supply over the March 1 average for 1920-1929, the Department of Agriculture reports stocks on farms 63 million bushels larger than the average for those years. Developments in world wheat demand, including more liberal milling quotas in France and Italy, tended to favor sellers and strengthened markets abroad. Domestic markets, though not on an export basis, were correspondingly stronger, futures at Chicago averaging 2 to 3 cents higher than in January. Cash prices were less favorable, due to slow domestic demand and the increase in marketing already referred to.

The movement of feed grains continued in smaller than usual volume during February, receipts of corn and oats and shipments of oats showing only a moderate increase over January. The total supply of corn was not above average on March 1, though considerably greater than a year ago when a small crop had been harvested; oats supplies were somewhat less than usual for that date. Con-

sumption, as feed, was limited by the generally mild weather which favored winter pastures. Prices failed to improve, cash and futures of both grains evidencing some weakness.

MEAT PACKING

Although a recession averaging 16 per cent (1922-31) is shown for the month, February production at slaughtering establishments in the United States aggregated only 9 per cent smaller this year than in January. Moreover, it exceeded that of a year ago by 6 per cent and was 4 per cent greater than the 1922-31 February average. End-of-month payrolls reflected a reduction of 2 per cent in employment from January, together with a decline of 5 per cent each in hours worked and in wage payments. February sales billed to domestic and foreign customers totaled 9 per cent less in value than those of a month earlier and were 32½ per cent smaller than for the corresponding period of 1931. The decrease from January mainly resulted from a reduced demand for meats during the lenten season, but the decline from last year showed that the increased tonnage in 1932 was insufficient to offset the effect of lower prices. Quotations for most pork, beef, smoked meats, and the common grades of veal declined in February from the preceding month; however, prices remained unchanged for mutton, ranged from barely steady to slightly firmer for dry salt meats, and advanced for pork hams, lambs, and good to choice veal cuts. March 1 inventories of these commodities in the United States showed the usual gain in volume over the beginning of February, but remained under a year ago and the seasonal level.

Largely as a consequence of British importers taking rather liberal quantities of lard to be delivered in England before the new import duties became effective on March 1, February shipments for export somewhat exceeded those of the preceding period. Also, a fair demand for lard was experienced on the Continent. Foreign trade in meats, on the other hand, failed to show any improvement over January. European quotations for American lard were fully on a parity with those in the United States; at times, they commanded a slight premium. Quotations for meats, however, continued below Chicago parity. Inventories of United States packing-house commodities in foreign countries, including stocks in transit, were practically unchanged on March 1 from the beginning of February.

DAIRY PRODUCTS

Seventh district butter production was at a higher level than usual for February, being 2 per cent larger than in January and 19 per cent greater than a year ago. Furthermore, the sales tonnage increased 2½ per cent over

LIVE STOCK SLAUGHTER (In thousands)

| | CATTLE | HOGS | LAMBS AND SHEEP | CALVES |
|---|--------|-------|-----------------|--------|
| Yards in Seventh District, February 1932..... | 164 | 942 | 309 | 102 |
| Federally Inspected Slaughter, United States February 1932..... | 583 | 4,590 | 1,439 | 360 |
| January 1932..... | 653 | 5,027 | 1,679 | 347 |
| February 1931..... | 559 | 4,142 | 1,223 | 353 |

AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

| | WEEK ENDED MAR. 19 | FEB. 1932 | MONTHS OF JAN. 1932 | FEB. 1931 |
|-----------------------------------|-----------------------|--------------|------------------------|--------------|
| Native Beef Steers (average)..... | \$6.30 | \$6.40 | \$6.80 | \$8.35 |
| Fat Cows and Heifers..... | 4.65 | 4.35 | 4.65 | 5.70 |
| Calves..... | 5.60 | 6.80 | 6.95 | 8.50 |
| Hogs (bulk of sales)..... | 4.45 | 3.90 | 4.00 | 7.10 |
| Yearling Sheep..... | 5.00 | 4.70 | 4.25 | 7.10 |
| Lambs..... | 7.20 | 6.15 | 5.95 | 8.15 |

the preceding month and 7 per cent over last February. Manufacture of the commodity in the United States appears to have decreased slightly from January, although it remained above the corresponding month of 1931. A further reduction in United States inventories of butter took place during the month; March 1 holdings were only half those of last year and 70 per cent of the 1927-31 average. After having declined in February, prices began to show a somewhat firmer tendency the middle of March.

Wisconsin factories increased their American cheese production $7\frac{1}{2}$ per cent during the four weeks ended February 27 over the preceding period; the volume totaled 5 per cent below a year ago. Although merchandising of the commodity decreased 7 per cent from that of January 4 to 30, it not only equaled the 1931 volume but also exceeded current production by 21 per cent. Total stocks of cheese in the United States declined from the beginning of February, and continued under last year and the 1927-31 average for March 1. Prices eased during the month.

Industrial Employment Conditions

Seventh district industrial employment and payrolls gained between January 15 and February 15, according to reports from 2,672 firms. Employment increased more than the February average of recent years, while payrolls expanded less than usual. The trend in number employed and in their earnings has been steadily downward since late in 1929, and the gains reported for February were the fourth in employment and the eighth in wages in over two years.

Manufacturing employment determined the upward trend, as seasonal gains occurred for both men and pay in four groups, in two others for employment only, and in one group for payrolls only. Estimated from monthly changes, manufacturing employment was slightly higher on February 15 than in October and November 1931, which were the lowest months of the depression to date, but was more than 15 per cent below February 1931; payrolls were larger than in November 1931, but fell short of a year ago by over 25 per cent.

Seasonal trends have not been clearly visible during the depression period; however, the gains of last month in most groups corresponded quite closely to the February

trend for previous years. Greatest improvement occurred in leather products, vehicles, and textiles. Wood products had larger payrolls with employment practically unchanged. Seasonal declines were reported for paper and printing and food products, while chemicals, which usually shows February expansion, also had fewer employees and smaller payrolls.

Non-manufacturing totals continued the unbroken decline which has been in evidence since last June. The downward trend was shared by all groups, except for larger payrolls at Illinois coal mines as a result of longer hours near the middle of February.

Method of Wage Payments

A survey was conducted by the Federal Reserve Board in May 1931, of an important factor in the demand for currency, namely, the method and frequency of wage payments in various states and in different industries. Results based on reports from 2,431 establishments in the three Seventh district states surveyed—Illinois, Michigan, and Wisconsin—are now available. Data dealing with the relative importance of cash and check methods of payment are given below (see Tables I and II), while a discussion will appear in our next Business Conditions report dealing with the length of payroll periods and days of the week on which payments are made.

The survey shows a decided predominance of payments by check over payment in cash in all three states (Table I). This tendency is more pronounced in manufacturing industry, while cash payments are slightly more significant in non-manufacturing, amounting to about 10 per cent.

In Illinois and Wisconsin large firms are more inclined toward the check method than are small ones, as, for example, in Illinois 13 per cent of all firms were using the cash method but paid only 9 per cent of the total wages. In Michigan the reverse is shown, for firms paying by cash were only 13 per cent of all firms, but paid 42 per cent of total wages.

In manufacturing industry the percentage of total wages paid by check in individual states was: Wisconsin, 96; Illinois, 91; and Michigan, 58. Conversely, cash payments represented 42 per cent of total wage payments in Michigan, 9 per cent in Illinois, and 4 per cent in Wisconsin. In non-manufacturing industry also (Table I), the check method of payment is quite universal, Wisconsin again showing a slightly greater use of this method than did Illinois (Michigan not represented).

TABLE I
PERCENTAGE DISTRIBUTION OF NUMBER OF ESTABLISHMENTS
AND OF WAGE PAYMENTS ACCORDING TO METHODS
OF PAYMENT*

| | NUMBER OF ESTABLISHMENTS | | | WAGE PAYMENTS | |
|------------------------|--------------------------|-------|----------------|---------------|-------|
| | CASH | CHECK | CASH AND CHECK | CASH | CHECK |
| Illinois | | | | | |
| All industries..... | 12.7 | 85.1 | 2.2 | 9.3 | 90.7 |
| Manufacturing..... | 10.2 | 88.2 | 1.6 | 8.6 | 91.4 |
| Non-manufacturing..... | 20.9 | 74.8 | 4.3 | 10.6 | 89.4 |
| Michigan | | | | | |
| Manufacturing..... | 13.1 | 83.2 | 3.7 | 41.7 | 58.3 |
| Wisconsin | | | | | |
| All industries..... | 14.1 | 83.4 | 2.5 | 5.7 | 94.3 |
| Manufacturing..... | 12.6 | 84.9 | 2.5 | 4.4 | 95.6 |
| Non-manufacturing..... | 18.2 | 79.2 | 2.6 | 9.7 | 90.3 |

*Payroll ending nearest May 15, 1931. Payrolls converted to a weekly basis.

In Table II, which gives percentages for 15 manufacturing and 6 non-manufacturing groups, the large majority of groups show a high proportion of total wages paid

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

| INDUSTRIAL GROUP | WEEK OF FEBRUARY 15, 1932 | | | CHANGE FROM JANUARY 15 | |
|--|---------------------------|--------------|------------------------|------------------------|----------|
| | REPORTING FIRMS | WAGE EARNERS | EARNINGS (000 OMITTED) | WAGE EARNERS | EARNINGS |
| | No. | No. | \$ | % | % |
| Metals and Products ¹ | 746 | 145,238 | 2,769 | +1.5 | -1.7 |
| Vehicles..... | 152 | 191,341 | 4,811 | +4.0 | +6.9 |
| Textiles and Products..... | 142 | 28,089 | 491 | +3.3 | +9.3 |
| Food and Products..... | 347 | 51,217 | 1,161 | -0.8 | -3.3 |
| Stone, Clay, and Glass..... | 151 | 7,752 | 156 | -2.0 | +1.0 |
| Wood Products..... | 268 | 22,332 | 323 | +0.4 | +4.4 |
| Chemical Products..... | 98 | 13,921 | 335 | -1.4 | -2.1 |
| Leather Products..... | 72 | 16,446 | 275 | +8.5 | +23.8 |
| Rubber Products ² | 8 | 5,915 | 127 | +0.8 | -10.6 |
| Paper and Printing..... | 324 | 41,549 | 1,065 | -1.8 | -3.0 |
| Total Mfg., 10 Groups..... | 2,308 | 523,800 | 11,513 | +2.0 | +2.5 |
| Merchandising ³ | 116 | 20,986 | 537 | -1.4 | -1.7 |
| Public Utilities..... | 71 | 84,310 | 2,672 | -1.8 | -2.2 |
| Coal Mining..... | 17 | 5,103 | 112 | -2.0 | +13.8 |
| Construction..... | 160 | 5,275 | 119 | -5.9 | -11.4 |
| Total Non-Mfg., 4 Groups..... | 364 | 115,674 | 3,440 | -1.9 | -2.0 |
| Total, 14 Groups..... | 2,672 | 639,474 | 14,953 | +1.3 | +1.4 |

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

by check. The number of manufacturing groups in each state paying at least 90 per cent of wages by check is Illinois 12, Michigan 10, and Wisconsin 14. Seven groups had at least 90 per cent check payments in all three states: iron and steel, machinery, leather, stone-clay-glass, chemicals, rubber, and miscellaneous manufacturing.

Cash payments were more than 10 per cent of the total in the following number of manufacturing groups: 3 in Illinois, 5 in Michigan, and one in Wisconsin. Although no one group had more than 10 per cent cash payments in all three states, textiles and tobacco had a fairly large proportion of cash payments in both Illinois and Michigan.

The only instance of an important group in which cash payments exceeded payments by check is the vehicles group in Michigan which paid 52 per cent of all wages in cash. This fact accounts for the much higher proportion of cash payments in the Michigan total than in the totals of the other two states.

Percentages covering 6 non-manufacturing groups in Illinois and Wisconsin also reveal a strong predominance of check payments over cash, exceptions being the merchandising and personal service groups.

TABLE II

PER CENT OF TOTAL WEEKLY PAYROLL PAID BY CASH AND BY CHECK*
By Industries

| INDUSTRY | ILLINOIS | | MICHIGAN | | WISCONSIN | |
|------------------------------|-------------|-------------|-------------|-------------|------------|-------------|
| | CASH | CHECK | CASH | CHECK | CASH | CHECK |
| ALL INDUSTRIES.... | 9.3 | 90.7 | ..... | ..... | 5.7 | 94.3 |
| Manufacturing..... | 8.6 | 91.4 | 41.7 | 58.3 | 4.4 | 95.6 |
| Iron and steel..... | 5.1 | 94.9 | 3.0 | 97.0 | 3.5 | 96.5 |
| Machinery..... | 10.0 | 90.0 | 4.2 | 95.8 | 0.4 | 99.6 |
| Textiles and products.. | 33.2 | 66.8 | 32.4 | 67.6 | 7.9 | 92.1 |
| Food and products..... | 4.1 | 95.9 | 9.3 | 90.7 | 13.8 | 86.2 |
| Paper and printing..... | 21.7 | 78.3 | 6.3 | 93.5 | 8.4 | 91.6 |
| Wood products..... | 8.2 | 91.8 | 18.1 | 81.9 | 5.5 | 94.5 |
| Vehicles..... | 0.8 | 99.2 | 52.0 | 48.0 | 1.4 | 98.6 |
| Leather and products.. | 2.0 | 98.0 | 2.4 | 97.6 | 1.4 | 98.6 |
| Stone, clay, and glass.. | 0.2 | 99.8 | ..... | 100.0 | 0.6 | 99.4 |
| Nonferrous metals..... | 7.7 | 92.3 | 17.2 | 82.8 | 2.0 | 98.0 |
| Chemicals and products | 2.5 | 97.5 | ..... | 100.0 | 3.6 | 96.4 |
| Rubber products..... | ..... | 100.0 | ..... | 100.0 | ..... | 100.0 |
| Tobacco products..... | 50.0 | 50.0 | 100.0 | ..... | ..... | 100.0 |
| Musical instruments.... | 3.4 | 96.6 | ..... | 100.0 | ..... | ..... |
| Miscellaneous..... | 1.1 | 98.9 | ..... | 100.0 | ..... | 100.0 |
| Non-manufacturing.... | 10.6 | 89.4 | ..... | ..... | 9.7 | 90.3 |
| Mining..... | 1.5 | 98.5 | ..... | ..... | ..... | 100.0 |
| Public utilities..... | ..... | 100.0 | ..... | ..... | 0.8 | 99.2 |
| Merchandising..... | 77.0 | 23.0 | ..... | ..... | 35.9 | 64.1 |
| Personal service..... | 11.6 | 88.4 | ..... | ..... | 35.1 | 64.9 |
| Construction..... | 3.3 | 96.7 | ..... | ..... | 1.7 | 98.3 |
| Miscellaneous..... | ..... | ..... | ..... | ..... | ..... | 100.0 |

*Payroll ending nearest May 15, 1931. Payrolls converted to a weekly basis.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

A slight decline was shown in February automobile production, the first to take place in this month. The decrease was largely due to the fact that one large manufacturer was not producing during the period. Output of passenger cars totaled 94,085 for the month, or 5 per cent below January and 48 per cent under a year ago, the figure representing the smallest February production on record. Trucks produced numbered 23,303, a moderate increase over the 20,541 in January but 41 per cent below the same month last year.

Sales of automobiles by reporting distributors and dealers in the Middle West expanded substantially in February over the preceding month, as is usual for the period. The disproportionate increase in the value of new car

sales at retail to the number sold was due to heavy sales of a high-priced car and to practically no sales of a low-priced make, new models of which are not on the market. Comparisons with a year ago still remain unfavorable. The number of both new and used cars on hand at the end of February was slightly greater than a month previous, but stocks continue to be much smaller than the average. A ratio of 48 per cent of deferred payment sales to total retail sales of twenty-seven dealers in February, compared with 51 per cent in January and 52 per cent a year ago.

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in February 1932 from Previous Months

| | PER CENT CHANGE FROM | | COMPANIES INCLUDED |
|----------------------|----------------------|---------------|--------------------|
| | JANUARY 1932 | FEBRUARY 1931 | |
| New Cars | | | |
| Wholesale— | | | |
| Number Sold..... | +34.0 | -26.7 | 19 |
| Value..... | +33.1 | -31.3 | 19 |
| Retail— | | | |
| Number Sold..... | +14.6 | -46.7 | 46 |
| Value..... | +40.4 | -34.3 | 46 |
| On Hand February 29— | | | |
| Number..... | +6.6 | -23.1 | 48 |
| Value..... | +2.8 | -31.3 | 48 |
| Used Cars | | | |
| Number Sold..... | +38.1 | -24.0 | 49 |
| Salable on Hand— | | | |
| Number..... | +4.1 | -3.7 | 49 |
| Value..... | +3.1 | +19.3 | 49 |

IRON AND STEEL PRODUCTS

Conditions at Chicago district steel mills showed little change in February from the first month of the year, and the volume of new business was considerably below that of a year ago. At the middle of March, the rate of steel ingot operations was averaging about 24 per cent of capacity as against an average of 60 per cent at the same time last year. Pig iron output in the Illinois and Indiana district receded slightly in the daily average for February, contrary to seasonal trend. A tendency to stabilize prices has been in evidence during recent weeks, and advances were made on bars, plates, and shapes at the beginning of March.

A slight acceleration took place in activity of steel casting foundries during February, and malleable castings showed even greater improvement than did steel. The tonnage of steel castings shipped by reporting foundries declined 2 per cent from January, but production increased 5 per cent, and new orders 8 per cent, while gains experienced in all these items by malleable foundries totaled 14, 22, and 19 per cent, respectively. The expansion in malleable casting shipments was somewhat greater than seasonal, whereas it may be noted that steel castings failed to gain. Comparisons with a year ago remained unfavorable. The expansion of 33 per cent in February ship-

LUMBER AND BUILDING MATERIALS TRADE

| CLASS OF TRADE | FEB. 1932: PER CENT CHANGE FROM | | NUMBER OF FIRMS OR YARDS |
|---|---------------------------------|-----------|--------------------------|
| | JAN. 1932 | FEB. 1931 | |
| Wholesale Lumber: | | | |
| Sales in Dollars..... | +7.6 | -53.2 | 16 |
| Sales in Board Feet..... | +10.6 | -39.5 | 14 |
| Accounts Outstanding ¹ | -3.2 | -39.2 | 13 |
| Retail Building Materials: | | | |
| Total Sales in Dollars..... | -6.9 | -30.8 | 233 |
| Lumber Sales in Dollars..... | -10.4 | -38.8 | 83 |
| Lumber Sales in Board Feet..... | -14.4 | -30.7 | 88 |
| Accounts Outstanding ¹ | -3.4 | -17.2 | 226 |
| Ratio of accounts outstanding ¹ to dollar sales during month | | | |
| | FEB. 1932 | JAN. 1932 | FEB. 1931 |
| Wholesale Trade..... | 242.3 | 254.3 | 182.3 |
| Retail Trade..... | 535.4 | 514.4 | 423.4 |

¹End of month.

ments of stove and furnace manufacturers in the district was better than normal for the period, although the volume totaled 37 per cent below last February. New orders accepted, which increased 66 per cent over the preceding month, declined in the same comparison a year ago when, however, the aggregate amount booked was considerably heavier than this year.

FURNITURE

February shipments of Seventh district furniture manufacturers reporting to this bank totaled 28 per cent in excess of those a month previous, and were equal to 81 per cent of the January volume of orders booked; the average increase for the month over the past five years is approximately 28 per cent, and the ratio to January orders about 76 per cent. Current orders booked declined seasonally—23 per cent from the preceding month—to a point slightly under the total of shipments made, as is not uncommon in February. The volume of unfilled orders was reduced only 10 per cent from the end of January, so that outstandings on February 29 amounted to about 96 per cent of February orders booked. In the comparison with a year ago, current shipments were less by 46 per cent, orders booked by 48 per cent, and unfilled orders by 48 per cent. As compared with the past five years, shipments and orders booked are currently less by 69 per cent. The rate of operations maintained during February approximated 34 per cent of capacity, one point lower than a month previous and 21 points under the ratio of February 1931.

SHOE MANUFACTURING, TANNING, AND HIDES

Seventh district shoe production increased 31½ per cent in February over the preceding month and 9 per cent over last year; it totaled only 8 per cent below the 1923-31 average for the month. Tanning operations expanded over January and compared favorably with a year ago. The aggregate value of leather sales likewise increased over a month earlier but was less than in February 1931. Prices held steady.

Following three months of inactivity, packer green hide sales in the Chicago market rose to an unusually high level in February. Trading in calf skins also increased. Prices were very low during the month.

Building Material, Construction Work

Distribution of building materials in the Seventh district, with the exception of lumber at wholesale, failed to show the usual February improvement, as shipments of cement expanded less than seasonally, and the demand for materials at retail yards was notably light. Comments of reporting firms indicate that although costs of materials and labor were at a favorable level for increased activity, the lack of capital and credit for construction continued as the chief obstacle to expansion in the materials business.

Wholesalers reported seasonally larger sales of lum-

| WHOLESALE TRADE IN FEBRUARY 1932 | | | | | |
|----------------------------------|---|--------|------------------|-------------|--|
| COMMODITY | PER CENT CHANGE FROM SAME MONTH LAST YEAR | | | | RATIO OF ACCTS. OUTSTANDING TO NET SALES |
| | NET SALES | STOCKS | ACCTS. OUTSTAND. | COLLECTIONS | |
| Groceries..... | -16.7 | -27.8 | -9.7 | -19.0 | 110.9 |
| Hardware..... | -22.8 | -16.5 | -13.4 | -25.3 | 354.7 |
| Dry Goods..... | -18.1 | -22.3 | -24.0 | -28.5 | 316.0 |
| Drugs..... | -13.0 | -14.7 | +1.6 | -9.6 | 211.6 |
| Shoes..... | -37.9 | -24.1 | -26.6 | -9.3 | 565.5 |
| Electrical Supplies..... | -38.4 | -26.4 | -17.1 | -42.4 | 237.1 |

ber, both in value and in board foot measure than in January, which compared favorably with the gains usually recorded in February over January during the preceding five-year period. However, the decline from a year ago was particularly sharp, amounting to 53 per cent in dollars and 40 per cent in board feet, indicating no more than a seasonal rise from the level of recent months. Accounts were reduced moderately and totaled lower in proportion to sales than in January. Stocks continued to decline and were smaller than a year ago at most yards.

Dollar sales of materials at retail were 7 per cent lower than in January, which compares with a 6 per cent gain in February 1931 and a five-year average loss in February of only three-tenths per cent. Although the trend in the aggregate was decidedly downward, about one-third of the firms experienced gains. A more unfavorable comparison with a year ago was shown in both value and volume of February sales than in recent months. Collections were only fair, as accounts declined slightly, but the accounts-sales ratio recorded the fourth monthly rise. Stocks remained low, and prices were reported somewhat weak for lumber, but steady for other materials, in the comparison with January.

Cement shipments from midwestern mills totaled less than two-thirds of production in February and stocks continued to increase. January distribution in the five states including this district recorded the usual decline from December.

BUILDING CONSTRUCTION

Construction activity in the Seventh Federal Reserve district expanded in February, according to total and residential contracts awarded. Although the gain in volume over the January total is contrary to seasonal trend in recent years, consideration must be given the fact that the dollar volume of contracts in January this year, both residential and total, touched low points on our records since 1919.

| BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT | | |
|--|-----------------|-----------------------|
| PERIOD | TOTAL CONTRACTS | RESIDENTIAL CONTRACTS |
| February 1932..... | \$18,050,571 | \$2,913,906 |
| Change from January 1932..... | +43% | +99% |
| Change from February 1931..... | -38% | -56% |
| First two months of 1932..... | \$30,678,866 | \$4,380,443 |
| Change from same period 1931..... | -50% | -67% |

*Data furnished by F. W. Dodge Corporation.

The estimated cost of building permits issued in the Seventh Federal Reserve district during February, according to reports received from 102 cities, showed a marked increase—almost 100 per cent—over the extremely low January figure. The number of permits registered a gain of 4 per cent in this comparison. The decline from a year ago remained large in both number and estimated cost, totaling 44 and 76 per cent, respectively. Individually,

| DEPARTMENT STORE TRADE IN FEBRUARY 1932 | | | | | |
|---|--|---------------------|---|------|--|
| LOCALITY | PER CENT CHANGE FEBRUARY 1932 FROM FEBRUARY 1931 | | PER CENT CHANGE FIRST TWO MONTHS 1932 FROM SAME PERIOD 1931 | | RATIO OF FEB. COLLECTIONS TO ACCOUNTS OUTSTANDING JANUARY 30 |
| | NET SALES | STOCKS END OF MONTH | NET SALES | | |
| Chicago..... | -25.0 | -17.8 | -28.1 | 23.5 | 30.2 |
| Detroit..... | -20.4 | -23.0 | -21.4 | 33.2 | 34.7 |
| Indianapolis... | -11.5 | -14.3 | -16.5 | 40.1 | 40.0 |
| Milwaukee... | -17.9 | -13.0 | -19.3 | 38.6 | 40.8 |
| Other Cities... | -21.2 | -12.9 | -24.1 | 29.9 | 31.9 |
| 7th District... | -21.9 | -17.5 | -24.4 | 31.2 | 34.0 |

60 of the reporting cities showed a gain over January in proposed construction cost; in the comparison with a year ago, however, only 21 cities reported a gain. Indianapolis and Des Moines were the only two large cities to vary from the trend of the district, both showing a loss of about 21 per cent from January in the estimated cost of proposed work.

Merchandising

Increased sales were recorded during February in all reporting lines of wholesale trade except electrical supplies, whereas declines occurred in the same period last year. Grocery sales expanded 2 per cent in the aggregate over January, drugs 4 per cent, hardware 7 per cent, shoes 12 per cent, and dry goods 9 per cent, while electrical supply trade showed a recession of 4 per cent, which decline, however, is about average for the month. In hardware and dry goods the expansion noted was greater than seasonal, and that in groceries and drugs was contrary to trend. As a consequence of the improved volume of trade, comparisons with a year ago were more favorable in all lines than in a similar comparison in January. In the majority of groups, ratios of accounts outstanding to net sales during the period were reduced, though remaining higher than last year. Stocks showed a slight tendency to increase over the end of January, but continued to be much smaller than average.

The 3 per cent increase in Seventh district department store trade during February over the preceding month compared with a decline of 2 per cent in the ten-year

average for the period, but the expansion in aggregate sales may be largely attributed to the one more trading day in 1932 than is usual for February. This factor likewise had some effect on the comparison with last February, the decline in total sales being 22 per cent, whereas that in daily average sales amounted to 25 per cent. Trends varied among the larger cities in the month-to-month comparison, sales in Chicago and Detroit increasing 2 and 12 per cent, respectively, over January, while Indianapolis and Milwaukee department store trade recorded recessions of 2½ and 8 per cent; sales for stores in other cities totaled 2 per cent larger than a month previous. Inventories were expanded slightly between the end of January and February 29, but the increase was smaller than is usual in the month, totaling only 4 per cent against an average gain in the previous ten-year period of 8 per cent.

The dollar volume of shoes sold in February by reporting retail dealers and the shoe sections of department stores totaled only one per cent less than in January, although a moderate decline is customary for the month. The decrease from the corresponding month of 1931 amounted to 19 per cent. Sales of furniture and house furnishings by reporting dealers and department stores exceeded those of the preceding month by 19 per cent, with installment sales by dealers registering a 38 per cent expansion, the gains being considerably larger than shown in the two preceding years. The decline from last February of 20 per cent in total sales and that of 18 per cent in installment sales were somewhat smaller than in the year-to-year comparison for January.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

| | No. of Firms | Feb. 1932 | Jan. 1932 | Dec. 1931 | Nov. 1931 | Oct. 1931 | Sept. 1931 | Feb. 1931 | Jan. 1931 | Dec. 1930 | Nov. 1930 | Oct. 1930 | Sept. 1930 |
|--|--------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|------------|
| Meat Packing—(U. S.)— | | | | | | | | | | | | | |
| Sales (in dollars)..... | 63 | 53 | 58 | 58 | 65 | 79 | 74 | 78 | 84 | 85 | 89 | 105 | 102 |
| Casting Foundries— | | | | | | | | | | | | | |
| Shipments: | | | | | | | | | | | | | |
| Steel—In Dollars..... | 15 | 16 | 17 | 19 | 18 | 20 | 21 | 40 | 34 | 31 | 32 | 42 | 46 |
| In Tons..... | 15 | 15 | 16 | 20 | 19 | 20 | 19 | 41 | 34 | 30 | 30 | 42 | 48 |
| Malleable—In Dollars..... | 22 | 17 | 16 | 16 | 14 | 16 | 17 | 32 | 31 | 28 | 25 | 32 | 33 |
| In Tons..... | 22 | 30 | 27 | 29 | 22 | 25 | 28 | 49 | 46 | 41 | 37 | 46 | 49 |
| Stoves and Furnaces— | | | | | | | | | | | | | |
| Shipments (in dollars)..... | 11 | 43 | 32 | 58 | 87 | 143 | 111 | 69 | 50 | 86 | 118 | 200 | 150 |
| Furniture— | | | | | | | | | | | | | |
| Orders (in dollars)..... | 22 | 28 | 37 | 23 | 33 | 37 | 43 | 54 | 68 | 41 | 47 | 61 | 77 |
| Shipments (in dollars)..... | 22 | 30 | 24 | 30 | 35 | 42 | 45 | 55 | 36 | 43 | 49 | 81 | 79 |
| Flour— | | | | | | | | | | | | | |
| Production (in bbls.)..... | 25 | 96 | 98 | 98 | 105 | 125 | 123 | 95 | 102 | 101 | 105 | 119 | 123 |
| Output of Butter by Creameries— | | | | | | | | | | | | | |
| Production..... | 67 | 93 | 92 | 91 | 88 | 100 | 95 | 82 | 85 | 83 | 78 | 94 | 97 |
| Sales..... | 69 | 93 | 91 | 104 | 90 | 102 | 104 | 88 | 91 | 94 | 94 | 96 | 95 |
| Wholesale Trade— | | | | | | | | | | | | | |
| Net Sales (in dollars): | | | | | | | | | | | | | |
| Groceries..... | 29 | 62 | 61 | 67 | 68 | 76 | 86 | 74 | 82 | 85 | 84 | 102 | 100 |
| Hardware..... | 13 | 31 | 30 | 46 | 47 | 57 | 55 | 41 | 42 | 58 | 63 | 87 | 75 |
| Dry Goods..... | 9 | 34 | 30 | 39 | 43 | 49 | 53 | 41 | 42 | 51 | 55 | 71 | 71 |
| Drugs..... | 13 | 71 | 66 | 72 | 70 | 79 | 78 | 81 | 88 | 83 | 84 | 102 | 95 |
| Shoes..... | 7 | 25 | 23 | 39 | 44 | 58 | 60 | 41 | 38 | 53 | 72 | 93 | 84 |
| Retail Trade (Dept. Stores)— | | | | | | | | | | | | | |
| Net Sales (in dollars): | | | | | | | | | | | | | |
| Chicago..... | 26 | 55 | 54 | 126 | 73 | 83 | 72 | 73 | 78 | 164 | 99 | 109 | 93 |
| Detroit..... | 5 | 75 | 65 | 149 | 92 | 95 | 123 | 95 | 87 | 184 | 121 | 118 | 150 |
| Indianapolis..... | 5 | 60 | 62 | 134 | 80 | 90 | 89 | 68 | 80 | 154 | 97 | 98 | 114 |
| Milwaukee..... | 5 | 61 | 68 | 141 | 92 | 102 | 89 | 75 | 85 | 167 | 111 | 116 | 107 |
| Other Cities..... | 50 | 53 | 52 | 119 | 77 | 86 | 72 | 68 | 72 | 146 | 96 | 103 | 86 |
| Seventh District..... | 91 | 59 | 57 | 131 | 79 | 88 | 84 | 76 | 79 | 164 | 103 | 110 | 105 |
| Automobile Production (U. S.)— | | | | | | | | | | | | | |
| Passenger Cars..... | 32 | 32 | 34 | 33 | 17 | 20 | 37 | 62 | 47 | 41 | 34 | 39 | 60 |
| Trucks..... | 62 | 55 | 63 | 52 | 58 | 58 | 83 | 105 | 89 | 89 | 95 | 108 | 117 |
| Building Construction— | | | | | | | | | | | | | |
| Contracts Awarded (in dollars): | | | | | | | | | | | | | |
| Residential..... | 10 | 5 | 9 | 12 | 17 | 18 | | 23 | 22 | 20 | 36 | 42 | 44 |
| Total..... | 26 | 18 | 22 | 31 | 27 | 49 | | 42 | 46 | 51 | 58 | 77 | 88 |
| Iron and Steel— | | | | | | | | | | | | | |
| Pig Iron Production:* | | | | | | | | | | | | | |
| Illinois and Indiana..... | 40 | 41 | 41 | 41 | 41 | 41 | 43 | 78 | 72 | 72 | 76 | 79 | 82 |
| United States..... | 34 | 32 | 32 | 38 | 39 | 40 | | 62 | 56 | 55 | 63 | 71 | 77 |
| Steel Ingot Production—(U. S.)*..... | 44 | 42 | 38 | 48 | 44 | 45 | | 78 | 68 | 57 | 66 | 75 | 82 |
| Unfilled Orders U. S. Steel Corp..... | 53 | 56 | 57 | 61 | 65 | 66 | | 83 | 87 | 83 | 76 | 73 | 72 |

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial production and factory employment increased from January to February by an amount smaller than usual at this season. Improvement in the banking situation during February and the first three weeks of March was reflected in a decline in bank suspensions and a return flow of currency from the public to the banks.

PRODUCTION AND EMPLOYMENT

Output of industrial products increased less than seasonally in February, and the Board's index, which makes allowance for the usual seasonal variations, declined from 71 per cent of the 1923-1925 average to 70 per cent. Activity in the steel industry during February and the first three weeks of March showed little change from the January rate, although ordinarily substantial increases are reported at this time of year. Automobile production continued in small volume, showing none of the usual seasonal expansion, and the number of cars produced in the three months' period ending in February was about 35 per cent less than in the corresponding period a year ago. In the lumber industry, output declined further, contrary to seasonal tendency. Activity at cotton mills and shoe factories increased by more than the seasonal amount and was at about the same level as in the corresponding months last year.

Volume of employment at factories increased in February by somewhat less than the usual seasonal amount. In the iron and steel, automobile, and machinery industries the number employed showed an increase smaller than is usual in this month, and at lumber mills a continued decline in employment was reported. At establishments producing fabrics, wearing apparel, and shoes, volume of employment increased by more than the seasonal amount.

Daily average value of total building contracts awarded, as reported by the F. W. Dodge Corporation, showed little change in February and the first half of March, and for the period between the first of January and the middle of March the value of contracts was 65 per cent less than a year ago, reflecting continued declines in residential building as well as in other types of construction. Part of the decrease in the value of awards reflects reductions in building costs.

DISTRIBUTION

Carloadings of merchandise and of miscellaneous freight showed none of the usual seasonal increase in February, while sales at department stores remained unchanged, as is usual at this season.

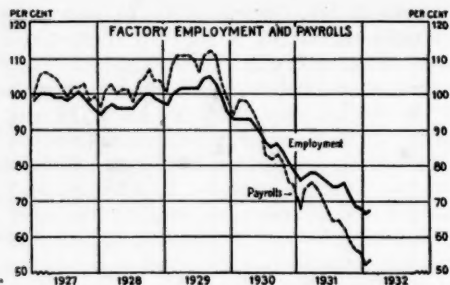
WHOLESALE PRICES

Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined further from 67 per cent of the 1926 average for January to 66 per cent for February. Between the first week of February and the third week of March, there were increases in the prices of cotton, live stock, and meats, while prices of grains, nonferrous metals, and imported raw materials including silk, sugar, and rubber declined considerably.

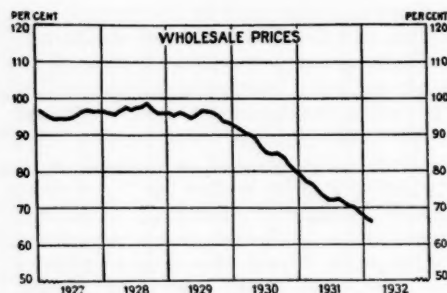
BANK CREDIT

In the banking situation, the important developments in February and the first half of March were a considerable reduction in the number of bank suspensions and a return flow of currency from the public to the banks. The country's stock of monetary gold declined in February but increased somewhat in the first half of March. Member bank reserve balances, after decreasing almost continuously since last summer, showed a slight increase for the first two weeks in March. Purchases of United States Government obligations by the Federal Reserve banks, beginning in March, were accompanied by a considerable decline in member bank indebtedness to the reserve banks.

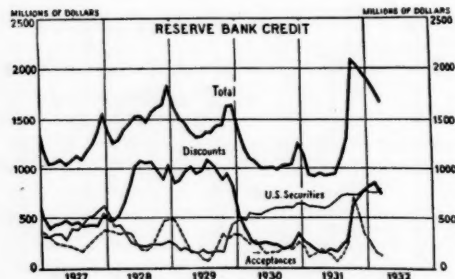
Loans and investments of member banks in leading cities continued to decline until the middle of March, when there was a substantial increase, owing largely to the banks' purchases of United States Government securities, issued on March 15. Demand and time deposits of these banks decreased further during February, but showed little change in the first half of March. Open-market rates on acceptances and commercial paper declined during February and the first half of March. During this period, yields on Treasury and other high grade bonds decreased to the lowest point since early December, but after the middle of the month yields on high grade corporate bonds increased somewhat.



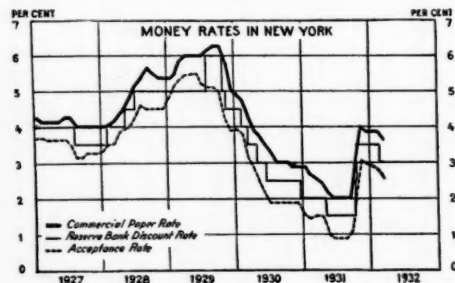
Indexes of factory employment and payroll, without adjustment for seasonal variation. (1923-25 average = 100.)



Index of U. S. Bureau of Labor Statistics (1926 = 100).



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 22 days in March, 1932.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures, averages of first 22 days in March, 1932.

